



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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Southern California Residents Plead Guilty to Hiding Millions of Dollars in Secret Foreign Bank Accounts

Failed to Report Swiss and Israeli Accounts Held for Over a Decade

Three Orange County, California residents pleaded guilty today to willfully failing to report their foreign bank accounts in Switzerland and Israel, announced Principal Deputy Assistant Attorney General Caroline D. Ciralo, head of the Justice Department's Tax Division.

Dan Farhad Kalili, 55, a resident of Irvine, California, together with his brother, David Ramin Kalili, 52, and his brother-in-law, David Shahrokh Azarian, 67, residents of Newport Coast, California, admitted that they willfully failed to file Reports of Foreign Bank and Financial Accounts (FBARs) with the Internal Revenue Service (IRS) regarding secret bank accounts in Switzerland and in Israel that each respectively maintained and controlled, many for well over a decade. These secret accounts held assets that reached into the millions of dollars.

"David and Dan Kalili and David Azarian disregarded their legal responsibility to file the required report of foreign bank accounts and report all their income and interest," said Chief Richard Weber of IRS Criminal Investigation. "Regardless of where the money is hidden around the world, IRS-CI will follow the sophisticated financial transactions and ensure everyone is held accountable for the taxes they are required to pay."

"The days of being able to safely hide income and assets offshore and evade U.S. tax have come to an end," said Principal Deputy Assistant Attorney General Ciralo. "The United States and foreign jurisdictions are sharing information and working together to ensure that citizens around the world are paying their fair share. The guilty pleas entered today are yet another example of what awaits U.S. taxpayers who continue to flout the law."

According to the documents filed with the court, and statements made in connection with the defendants' guilty pleas:

Beginning in May 1996, and continuing through at least 2009, Dan Kalili opened and maintained several undeclared offshore bank accounts at Credit Suisse Group (Credit Suisse) in Switzerland. He also opened and maintained several undeclared offshore bank accounts from at least 1998 through 2008 at UBS AG (UBS) in Switzerland. Similarly, David Kalili opened and maintained several undeclared accounts at Credit Suisse in Switzerland, from February 1999 through at least 2009, and at UBS in Switzerland, from October 1993 through at least 2008. Dan and David Kalili also maintained joint undeclared Swiss bank accounts at both UBS and Credit Suisse beginning in 2003 and 2004, respectively. Meanwhile, Azarian opened and maintained

several of his own undeclared accounts at Credit Suisse in Switzerland from May 1994 through at least 2009, and at UBS in Switzerland from April 1997 through at least 2008.

In July 2006, Dan Kalili, with the assistance of Beda Singenberger (Singenberger), a Swiss citizen who owned and operated a financial advisory firm called Sinco Truehand AG, opened an undeclared account at UBS in the name of the Colsa Foundation, an entity established under the laws of Liechtenstein. Singenberger was indicted in the Southern District of New York on July 21, 2011, for conspiring to defraud the United States, evade U.S. income taxes, and file false U.S. tax returns. Singenberger remains a fugitive. As of May 2008, the Colsa Foundation account at UBS held approximately \$4,927,500 in assets.

Each of the defendants took affirmative steps to prevent their assets in UBS and Credit Suisse from being discovered. Dan Kalili opened an undeclared account at Swiss Bank A in the name of the Colsa Foundation and in May 2008, transferred his assets from the UBS Colsa Foundation account to Swiss Bank A. He later made partial disclosure of the Swiss Bank A Colsa account on his individual income tax returns. In 2009, Dan Kalili opened undeclared accounts at Israeli Bank A and at Bank Leumi, both in Israel. In June 2009, he closed the joint undeclared account at Credit Suisse he held with David Kalili, as well as his own undeclared account, and transferred the funds. Shortly before its closure, the undeclared joint account of Dan and David Kalili at Credit Suisse held approximately \$2,561,508 in assets. As of December 2009, Dan Kalili's undeclared account at Israeli Bank A held assets valued at approximately \$1,569,973, and his undeclared account at Bank Leumi held assets valued at approximately \$2,497,931.

Similarly, in August 2008, David Kalili opened an undeclared account at Israeli Bank A in Israel, into which he transferred funds from his UBS accounts. He later partially declared the Israeli Bank A account on his individual income tax returns. As of August 2009, David Kalili's undeclared account at Israeli Bank A held assets valued at approximately \$1,369,489.

In August 2008, Azarian, also opened an undeclared account at Israeli Bank A in Israel, and in May 2009, he closed his undeclared account held at Credit Suisse and transferred the funds to Israeli Bank A. Azarian later partially declared this Israeli Bank A account on his individual income tax returns. At the time of its closure, Azarian's undeclared account at Credit Suisse held assets valued at approximately \$1,903,214.

For each year from 2006 through 2009, Dan Kalili, David Kalili, and Azarian, as U.S. citizens, were required, but willfully failed, to report their ownership and control over foreign bank accounts through the timely filing of FBARs with the IRS disclosing their signatory or other authority over the various undeclared accounts held at UBS, Credit Suisse, Israeli Bank A, and Bank Leumi, each having an aggregate value of more than \$10,000 during each of these years.

U.S. District Judge Andrew J. Guilford of the Central District of California scheduled sentencing for April 24. Dan Kalili, David Kalili, and Azarian each face a statutory maximum sentence of five years in prison, a period of supervised release, restitution and monetary penalties. In addition, each defendant agreed to pay a civil penalty for willfully failing to file FBARs. Dan Kalili agreed to pay a civil penalty of \$2,674,329, David Kalili agreed to pay a civil penalty of \$1,325,121 and Azarian agreed to pay a civil penalty of \$951,607.

Principal Deputy Assistant Attorney General Ciruolo commended special agents of IRS-CI, who conducted the investigation, and Assistant Chief Jorge Almonte and Trial Attorney Jason M. Scheff of the Tax Division, who are prosecuting the case. Principal Deputy Assistant Attorney General Ciruolo also thanked the U.S. Attorney's Office for the Central District of California for its substantial assistance.